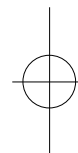
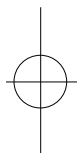


Ukraine. Another view

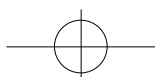
Ukraine is a difficult partner for the West, and recently, it has been perceived as an enfant terrible because of the Kolchuga affair. Western and Polish press describe Ukraine as an authoritarian regime plagued by an internal crisis or even threatened by destabilisation. This picture is certainly one-sided and oversimplified, and it fails to accurately present the reality of Ukraine. Apart from experiencing definitely adverse political developments, Ukraine has also been successful in some ways in terms of its internal and foreign policies and the economy. At the same time, certain processes take place among the Ukrainian elites, that might be difficult to capture in social surveys, but may become the starting point for the future modernisation and democratisation of the country.

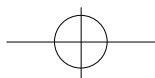
To realise that there are some favourable aspects to the changes occurring in Ukraine is not to recognise Ukraine as a country heading to democratisation and a market economy in the Western sense. Still, it is worthwhile to understand that the positive developments, even if isolated, do occur in Ukraine and that they could be strengthened by adequate policies of the Ukrainian authorities and the Western states.



I. Positive Developments

The promising developments that take place in Ukraine include an increase of civic mindedness in some communities and professional groups. Also, young people are definitely more pro-West and pro-market economy oriented than the older generation. Politically, the most important occurrences that are favourable from the point of view of the West include Ukraine's dynamically developing co-operation with NATO and its co-operation with Russia, which is now based on much more pragmatic principles than it used to be in the past.





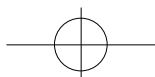
In Search of a Civilised Policy

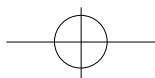
The oligarchic and bureaucratic system that had formed in Ukraine integrates political, economic and media powers into a network of partly-covert relations. Undoubtedly, this distances Ukraine from the democratic systems of the West. It also impedes the development of processes and attitudes that could be conducive to Ukraine's transformation into a democratic state governed by the rule of law, with a viable market economy. At the same time, however, the present system is capable of ensuring stability for the country, which is valuable in moments of political crises and changes at the heights of power. The stability is even more valuable given the multi-ethnic and multi-religion character of the state. It should be remembered that since Ukraine regained independence in 1991, the succession of executive or legislative power taking place on the occasions of elections has always been peaceful and got the recognition of the international community. Likewise, the emerging ethnic or religious conflicts (in Crimea) have always been solved by mutual concessions and never led to the use of military force.

Even though the oligarchic and bureaucratic system, pervasive on all levels of the state's structure, is firmly in place, Ukraine undergoes processes that may become the basis for future democratisation and modernisation of the country.

Sociological research carried out in 1999–2002 shows that young people (18–35) have definitely more pro-West and pro-market economy attitudes than the older generation. Young people generally support Ukraine's membership in the EU and NATO and declare backing for the implementation of economic reforms. At the same time, they are more acutely critical of the adverse phenomena such as political censorship in the media. Probably, one of the reasons why such attitudes developed was the fact that in early 90s, it became possible for Ukrainians to travel abroad. As a result, contacts between the societies of Ukraine and the Western countries (including Poland) intensified. In the recent years, the rate of foreign travel increased dynamically.

It also appears that rising awareness of civic identity made some groups in the Ukrainian society willing to become more politically and socially





active and to defend the fundamental values. The case of the journalist Georgi Gongadze not only galvanised the intelligentsia, but also made a portion of the society realise that there are pathologies in the system of power and that it is necessary to civilise the political life. Ukrainians expressed this attitude in the parliamentary elections of 2002 where more than half of the voters refused to vote for the so called party of power and more than 20 per cent of them supported the political project which aimed to repair the state based on the principles of justice, honesty and freedom (proposed by the “Our Ukraine” electoral block). It was only due to the mixed electoral regulations that the ruling coalition finally won a substantial representation in the parliament.

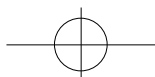
In the recent months, we have been witnessing the birth of the journalists community’s initiative to defend freedom of speech and to end political censorship in the media. As a result of this initiative, an independent trade union on journalists is to be established in early 2003. But today, it is difficult to say how effective this action will be in safeguarding respect for freedom of speech.

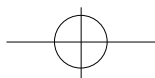
Finally, there is the non-governmental organisations sector. In the beginning of the previous decade, they would mainly implement foreign models, but now, to a growing extent, their activities are based on proprietary programs developed locally to meet the specific needs of local communities.

Economy Goes Up

Ukraine have managed to maintain strong economic growth rate for three consecutive years (6% in 2000, 9% in 2001 and around 4% in 2002). At first, growth was stimulated by a good external conditions (exports of the heavy industry’s products to Russia and other countries), and more recently, by increasing domestic demand emerged as growth driver.

Noteworthy is the recent dynamic development of the foods and other consumer goods industries. The investment volumes increased substantially (especially in 2001). In part, this increase was generated by Ukrainian and Russian capitals withdrawn from tax heavens, while the influx





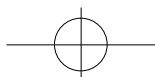
of foreign investments that could bring new technologies remained very low. Finally, the Ukrainian economy has become less energy-intensive. As a result of the reforms, barter settlements of natural gas and electricity dues were abandoned. Consequently, the budgetary conditions improved enabling the state to timely pay salaries and pensions. It appears that in spite of certain impending problems, the Ukrainian economy is capable of developing slowly in the next few years, owing to the expanding of internal markets, among other factors. However, it should be noted that growth dynamics has been waning since 2001, and in order to stimulate it, the authorities would need to carry out deep reforms.

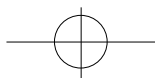
More Pragmatic Relations with Russia

The Ukrainian – Russian relations have been changing for the better since the pragmatic turn in the Kremlin’s policy, which coincided with the announcement of minister Zlenko’s doctrine that granted Russia the status of Ukraine’s main strategic partner (2000). Russia no longer treats Ukraine as a “seasonal state”, rather, it sees it as Moscow’s weaker partner. Moscow seems to realise that it has a limited capacity of influencing political decisions of Kyiv. As an example, when Kyiv repeatedly refuses to join the Russia-dominated Euro Asian Economic Community, the Kremlin refrains from responding officially.

As far as the economy is concerned, Russia carries its strategic interests in Ukraine by taking over shares in key establishments of the energy, fuels, petrochemical, telecommunications and banking sectors. A telling example of how effectual these efforts are is Kyiv’s concession made to Russia with regard to the formation of a joint Russian – Ukrainian consortium to manage the system of Ukraine’s gas pipelines (the pre-investment stage is to be completed by August 2003). The fact that the West actually isolates Ukraine appears to be particularly conducive to the reinforcement of Russia’s economic influence in Ukraine.

However, the pursuit of its interests by Russia does not destabilise the economic situation of Ukraine. On the one hand, the Russian capital contributes to Ukraine’s economic growth, and on the other, the Ukrainian





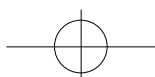
business elites (the oligarchs) are more and more interested in co-operating with the Russians in a way that will enable them to keep or strengthen their influence on the economic sectors that they control.

Exceptional Co-operation with NATO

Over the last two years, Ukraine became one of NATO's most active partners, and it outdid some of the Alliance's official candidates in terms of the area and scale of joint undertakings. The Armed Forces of Ukraine opened to NATO in an unprecedented manner and they became the primary area of Ukraine's co-operation with the West. Ukraine agreed to make the basic data on the structure and capabilities of its army available to NATO. The program for reform and development of the Armed Forces is being implemented in strict co-operation with the Alliance and it aims to adapt the Armed Forces to NATO standards.

With Ukraine's involvement in NATO operations in the Balkans, the country was able to make its co-operation with the Alliance exceptionally close, outdoing all other partner states. The Ukrainian soldiers were the first non-NATO troops to join a military structure operating under NATO standards in an organised form, i.e. as part of the joint Polish – Ukrainian battalion.

Even the problem of weapons sold by Ukraine to embargoed states, which is an extremely sensitive issue in the Alliance's relations with Ukraine, did not prevent the mutual relations from being elevated to a higher level: during the Prague summit in November 2002 the Action Plan was adopted, which is a limited version of the Membership Action Plan. The Action Plan differs from the Membership Action Plan in that it does not envisage prospects of membership, but nevertheless, Ukraine's strategic choice seems to be what the secretary of the National Security and Defence Council stated in his official declaration issued in May 2002, namely to take efforts for Ukraine's future membership in the Alliance.



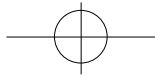
European Union – the Choice of the Elites and Young People

Since 1998, President Kuchma has been officially maintaining that integration with the EU remains among Ukraine's objectives. This political project appears to be implemented somewhat inconsistently, but nevertheless, it influences the way the elites think and stimulates some changes to the functioning of the state. At the same time, it appears to be an element in Ukraine's strategy of non-participation in any structures dominated by Russia. Units responsible for European integration have been operating within particular ministries for several years. In the Ministry of Economy and European Integration there is a large team that deals with harmonisation of the Ukrainian legislation and the EU legislation, among other issues. Even though Brussels refuses to give an affirmative answer to Kyiv's European aspirations, the European Union is very popular with the Ukrainians. According to surveys, 56 per cent of respondents support integration with the EU, with even stronger backing for this plan declared by younger generations: between 64 per cent (for the 25-39 age bracket) and 68 per cent (for the 18-24 age bracket).¹

II. Adverse Developments. Threats

The promising and favourable developments in the political, economic and social life of Ukraine should not avert one's attention from the series of unsettling trends and issues that the Ukrainian state has to face. They relate to the fundamental pathologies of social, political and economic life in a post-communist state for which transformation into a democracy and a market economy, as undertaken by the Central European states, proved more difficult, or even impossible for diverse reasons.

¹ This research was carried out in 2000 by SOCIS Gallup for the Institute of Public Affairs.

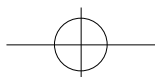


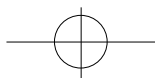
The Succession of Power

The most prominent issue faced by Ukraine in the recent months is the struggle for power that goes on as part of the informally initiated campaign for the presidential elections of 2004. It is especially unsettling that the problem of the succession of power has dominated the main stream of Ukraine's political life and overshadowed the issues of reform and state modernisation, which, undoubtedly, are more important from the point of view of the 48-million society. The sides that battle for power ever more fiercely include the three major oligarchic clans: the Donetsk clan, the Kyiv clan and the Dnepropetrovsk clan, as well as the leader of Our Ukraine, Viktor Yushchenko. In this situation, the year 2003 is sure to bring about certain populist moves on the part of the authorities, which will aim to put the electorate in a better mood, but may shake the balance of the state's budget.

Corruption

The bureaucratic and oligarchic system that functions in Ukraine causes other disturbing occurrences such as widespread corruption and political censorship in the media. Ukraine occupies top positions in international rankings that represent the degrees of corruption in particular states. This, combined with a business-unfriendly legislation, is the main factor that keeps foreign investors away. Ukraine is also frequently criticised by the international community (e.g. recently, by the Council of Europe) for failing to respect freedom of the media. Because of the unique intertwining of political and economic powers and their influence on the respective media, we cannot actually speak of any independent media or freedom of opinion for journalists in Ukraine. Journalists working for the Ukrainian media are forced to take into account suggestions of the owners and topic instructions issued by the President's Administration in their daily work. In the recent months, ever since Viktor Medvedchuk became head of the President's Administration, pressure on the media increased substantially.





Sale of Weapons

Another particularly disturbing issue that troubles the relations between Ukraine and the West is the recently disclosed instances of Ukraine's sale of arms to embargoed states (Macedonia) and suspected sale of arms to Iraq (the so called Kolchuga affair). In Ukraine, the state fails to effectively control the sale of weapons and there are no clear rules to govern weapons trade. This has an adverse effect on Ukraine's international image, even though similar charges could be formulated against nearly all of Ukraine's neighbours from the former USSR.

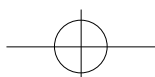
Absence of structural reforms

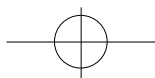
The prospects for Ukraine's stable development are uncertain. It has not implemented structural reforms and neither has it completed the privatisation process. As a result, it is unprepared to compete with the EU's economy and the legalisation of its business elites is delayed. The premature electoral campaign has disturbed the parliament's legislative work. There is no progress in the works (which have went on for two years now) on a package of legislative projects developed with the co-operation of foreign experts, which relate to such key issues as the tax code, the stock exchange law, or the code of commerce.

III. Recommendations

1. The EU and Polish policies towards Ukraine need to be based on balanced analyses of the situation and thorough understanding of both the adverse and the positive factors.

Since the opinions expressed recently have been predominantly negative, it should be suggested that more attention be paid to long-term positive developments such as an increase in the society's political awareness and activity, favourable trends in the economy, more pragmatic relations with the Russian Federation or more in-depth co-operation with NATO.

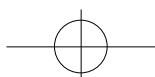




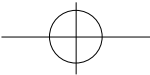


2. Strong and wise support for the Ukraine's "democratisation potential" should remain the major objective of Western policies toward Ukraine. The "democratisation potential" is to be understood as all the processes that may become the starting point for further democratisation and modernisation of the country. These processes include the growth of civil awareness among some social groups and the firmly pro-Western attitudes of the young generation. It seems that these processes are far more advanced in Ukraine than in most of the other CIS countries, including the neighbouring Russia, let alone Belarus. In order to prepare the ground for this kind of policy, the EU could carry out a broad-scale information campaign on the European Union in Ukraine.

3. Poland could play its role as a go-between for the Western elites and the broadly understood Ukrainian elites, including the cultural, political and business communities, more proactively. It appears desirable to arrange bilateral Polish – Ukrainian meetings in which EU representatives would participate and to invite observers from Ukraine to Polish – EU meetings.

4. As Ukraine faces the failure of its plans to integrate with the West (the EU refuses to make a clear declaration and NATO gives no answer to Ukraine's desire to become a member of the Alliance) and the growing syndrome of being left overboard of the uniting Europe, it is particularly important for Brussels to offer Kyiv a realistic alternative political project that would meet Ukraine's ambitions at least in part. By clearly defining the requirements that Kyiv needs to meet and the concessions that the EU will make if Kyiv complies, Brussels could found the framework for the future more in-depth co-operation. In the course of Ukraine's co-operation with NATO so far, Kyiv has demonstrated that if the requirements to be met and the benefits to be earned are clearly stated, it is willing and able to make effective efforts to adapt to Western standards. This should encourage the EU to make such an offer. There is an extremely important potential role for Poland to play in the develop-





ment and carrying of such a stand on the part of the Community. A great majority of the other EU states have no vital interests in Ukraine and they are not concerned about what happens there.

5. When formulating the assumptions of the West's policy towards Kyiv, it is of crucial importance to understand that the dynamics of positive changes in Ukraine is much weaker than in the future EU member states from Central Europe. Due to the size of the country, the burden of the institutional and mental structures inherited from the times of the Soviet Union, and finally, weakness of the executive and the legislative authority, Ukraine will take much more time to implement the projected reforms than smaller countries that were less affected by the communist legacy. Therefore, the West's policy towards Ukraine should be long-term-oriented.

Paweł Wołowski

*Co-operation: Anna Górska, Tadeusz A. Olszański,
Arkadiusz Sarna, Andrzej Wilk*

